

AUTOTRAC FINANCE LIMITED
FAIR PRACTICES CODE

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1. Introduction

- 1.1 Autotrac Finance Limited (**'AFL' or 'the Company'**) is registered with the Reserve Bank of India (**'RBI'**) as a Type II Non Deposit Accepting Non-Banking Financial Companies (**'NBFC-ND'**) having registration no. N-14.03433.
- 1.2 The RBI has directed all NBFCs to have a Board approved Fair Practices Code (**'FPC' or 'the Code'**) and follow the same while doing lending business thereby setting standards for fair business practices in dealing with their customers. RBI's guidelines inter alia provides guidance on manner of loan application processing, matters to be communicated to customers, responsibility of the Board of Directors, handling of customer grievance, etc. This guideline has been updated from time to time based on RBI's review of the industry operations. Latest compilation of all instruction in this regard was issued vide Master Circular DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 1, 2015.
- 1.3 Keeping in mind RBI's guidelines, this Fair Practices Code has been framed for review and approval of the Board of Directors of the Company.
- 1.4 The Company shall follow this Code in its day to day business operations, adopt all best practices prescribed by the RBI from time to time and shall make necessary modifications to this Code to conform to the revised instructions of the RBI, if any.

2. Objectives of the Code

- 2.1 The objectives of the Code are as under:-
 - To act fairly and reasonably by the Company in all dealings with its customers by ensuring that:
 - a. Its products, services, procedures and practices will meet the commitments and standards in this Code.
 - b. its products and services will meet relevant laws and regulations in letter and spirit as applicable;
 - c. To ensure compliance with legal norms in matters relating to the recovery of advances;
 - d. Its dealings with its customers will rest on ethical principles of honesty, integrity and transparency.
 - To strengthen the mechanism for redressal of the customers' grievances;
 - To foster customer's confidence in the Company;

3. Standard Operating Procedure (SOP)

3.1 The Company shall follow fair practices in its day to day business operations and follow Board approved SOP which shall provide for standard operating procedures for following operations:

- Loan application process
- Borrower assessment
- Loan appraisal process
- Signing of loan agreement
- Manner of loan disbursement
- Manner of charging interest
- Manner of loan recovery
- Recall of loan and release of security
- Repossession of vehicle

While dealing with the aforementioned operations, following fair practices shall be strictly adhered to:

3.2 Loan application process

- All communications to the borrower/ customer shall be made by the Company in the vernacular language or a language understood by the borrower.
- The loan application form will be made available to the prospective borrowers on requests. AFL will send the welcome kit to borrower that will include such documents.
- The loan application forms shall contain detailed information relating to the terms and conditions governing the loan and other relevant information affecting the interest of our valuable customers/ borrowers. This shall enable to prospective borrower to make meaningful comparison with terms and conditions offered by other financial institutions and make an informed decision.
- These forms shall also contain list of standard documents to be submitted by the borrowers.
- As part of the loan application, the Company shall collect documents for conducting a KYC check on the applicant as per the Board approved KYC Policy
- The Company shall follow the system of issuing acknowledgements for receipt of all loan applications.
- If any additional details / documents are required, the same shall be communicated to the borrowers immediately.
- The time frame within which the loan application is expected to be processed shall be mentioned on the said acknowledgement.

3.3 Borrower assessment

- The Company shall conduct due diligence on the credit worthiness of the borrower, which will be an important parameter for loan appraisal.
- The Company shall not discriminate the borrower on grounds of sex, religion, caste or creed.
- The SOP shall lay down the risk rating mechanism to be followed while borrower's assessment.

3.4 Loan appraisal process

- Based on the Borrower's assessment, the loan applications shall be assessed and decision should be communicated to the borrower.
- The grant of loan shall be communicated by the Company in the form of a written Sanction letter in the vernacular language or a language as understood by the borrower, which shall contain the following:-
 - a. Assets details
 - b. Cost of the asset
 - c. Sanctioned loan amount
 - d. Commencement date
 - e. Loan tenure
 - f. Repayment schedule
 - g. Annualized rate of Interest and method of application thereof
 - h. Contact point for any clarifications
 - i. Key terms & conditions of the loan
- Acceptance of Sanction letter shall be taken on record
- With a view to adopt fair practices, the Company shall follow the mechanism of review of rejected loan cases by head of credit. The SOP shall lay down the officer matrix in this regards.

3.5 Signing of loan agreement

- A copy of the loan documents including loan agreement and annexures thereof shall be made available to the borrower.
- The details provided in the loan sanction letter shall be captured in the loan agreement as well along with other terms and conditions forming part of the agreement.
- Penal interest or delayed payment charges (in case of delay in payments of installments beyond due dates) (these details shall be provided in bold fonts for attention of the borrowers)
- The Company shall obtain from the borrowers an acknowledgement in writing in token of their acceptance of terms and conditions governing the loan and keep the same on record

- The Company shall keep its customers/borrowers informed in vernacular language in the event of any modification in terms and conditions, repayment schedule, interest rates, security, and other changes applicable to the loan.
- The change in the interest rates and service charges, if any shall be made applicable prospectively. The loan agreement shall contain a specific clause in this regard.

3.6 Manner of loan disbursement of loans

- The Company shall endeavour to disburse loan immediately upon compliance of all the terms and conditions by the borrower.
- The Company shall endeavor to disburse any loan that is being applied for within 30 days subject to receipt of all documents complying with the prevailing rules and regulations by the borrower.

3.7 Manner of charging interest and other charges

- The Company shall have a policy for charging rate of interest on the products being financed by it and various other charges recoverable from the customers.
- The rate of interest shall be arrived at based on the weighted average cost of funds, administrative costs, risk premium and profit margin.
- The rate of interest shall be communicated to the borrower in annualized format
- The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of the asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower/ customer, end use of the asset etc.
- The rates of interest shall be subject to change at discretion of the Company on a case to case basis as the situation warrants. However, any change in interest shall be prospective and shall be communicated to the buyer. A suitable condition in this regard shall form part of the loan agreement.
- The rate of interest, other charges, and approach for gradation of risk and rationale for charging different rate of interest shall be disclosed in the loan application form and the loan sanction letter.
- The rate of interest, other charges, approach for gradation of risk shall be made available on the Company's website, if any. The same shall be updated in case of any change in the rate of interest or other charges.

3.8 Manner of loan recovery

- If any recovery proceedings need to be initiated by the Company, these shall be conducted in accordance with the rights provided under the Loan Agreement and in accordance with legally accepted norms. Efforts shall be made in building customer confidence and long term relationship.
- The Company shall ensure to adequately train its staff in dealing with the customers in appropriate manner and ensure during loan recovery not resorting to undue harassment such as persistently bothering the borrowers at odd hours (8 PM to 8 AM), using muscle power for recovery of loans, etc.
- In case of the loan recovery process is delegated to any third party, the Company shall adhere to Board approved Policy on Outsourcing of Activities.
- The Company shall not interfere in the affairs of the borrower/ customer except as provided under the circumstances mentioned in the loan documents.
- However, if any new information or findings not previously disclosed by the borrower comes to the notice of the Company, the above restriction shall not apply.

3.9 Recall of Loan and Release of Securities

- Any decision pertaining to recall of loan or acceleration of repayment or seeking of any additional securities in respect of loan shall be taken strictly in accordance with the relevant provisions of the Loan Agreement and amendments made thereto.
- The Company shall ensure that the charge over any security provided by the borrower/ customer is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the said borrower/ customer:
 - a. prepayment of all dues by the borrower/ customer
 - b. transfer of account and consequent settlement of all the dues by the borrower/ customer
 - c. closure of the loan file in due course following settlement as per the Loan Agreement.
- In the event any other right or lien exists, the borrower/ customer shall be intimated/ notified about the same with full particulars thereof.

3.10 Repossession of vehicles financed

- The loan agreement with the borrower must have a built in re-possession clause which must be legally enforceable.

- To ensure transparency, the terms and conditions of the loan agreement shall also contain provisions regarding:
 - notice period before taking possession;
 - circumstances under which the notice period can be waived;
 - the procedure for taking possession of the security;
 - a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
 - the procedure for giving repossession to the borrower; and
 - the procedure for sale / auction of the property.

4. General Clauses

4.1 Transfer of Account

Whenever a request for transfer of loan account is received from a customer/ borrower, the Company shall respond to the same within twenty one (21) days from the date of receipt of said request. The acceptance or refusal thereof shall be in accordance with terms of the Loan Agreement.

4.2 Prepayment of Loan

No foreclosure charges/ pre-payment penalties shall be levied on all floating rate term loans sanctioned to individual borrowers.

4.3 Closure of Account

On request from borrower for closure of his loan account, the request will be executed within twenty one (21) days from receipt thereof subject to clearance of pending dues and completion of all the formalities as prescribed by the Company. In case the request cannot be executed in the time frame stated above due to any reason, the same shall be communicated to the borrower.

5. Grievance Redressal Mechanism

5.1 In order to provide a satisfied customer experience, the Company shall ensure strict adherence to below detailed Customer Grievance Redressal Mechanism.

5.2 Trained staff

The Company shall provide adequate trainings to the staff handling customer complaints to ensure that customers are treated in a courteous manner and their complaint is resolved seamlessly. Staff handling consumer complaint must act in good faith and without prejudice to the interests of the customer.

5.3 Customer Awareness

The grievance redressal mechanism within the organization shall be explained to the customer to resolve any dispute, such a mechanism would ensure that all disputes arising out of decisions of our functionaries are heard and disposed off at least at the next higher level.

In case of any complaint/ grievance, the customer/ borrower can make his complaint to Grievance officer details of the officer shall be prominently displayed at branch/office of the Company and its website.

5.4 Complaint log

A complaint number shall be assigned to each complaint received by the Company, which shall be referred to in future correspondence. The complaint register shall be maintained and updated by the Company.

The customer / complainant shall be updated regularly regarding the status of the complaint.

5.5 Three Tier Redressal Mechanism

For effective handling of consumer complaints, the Company shall follow three tier mechanism which shall allow customer an opportunity to escalate matter at higher level if they are not satisfied with response provided by officer at lower level.

The Company will endeavor to resolve the complaint within fifteen (15) days of receipt of the same. If the complaint is of such nature that requires additional time to resolve, the same shall be escalated to higher officer/authorities. The complaint resolving matrix shall be as under:

Levels	Complaint resolving mechanism	Timeline to resolve complaint
Level 1	<ul style="list-style-type: none"> • Walk in at office : Monday to Saturday, 10:00 am to 6:00 pm • Customer care number 0120-4135935 Monday to Saturday, 10:00 am to 6:00 pm • Email at contact@atfl.co.in 	Within fifteen (15) days from date of receipt of the complaint
Level 2	Grievance Redressal Officer, Head of operations Contact number: 0120-4135935 Email id: customercare@atfl.co.in	Within fifteen (15) days from date of escalation
Level 3	Officer-in-Charge of the Regional Office of Department of Non-Banking Services of RBI at address given	-

	below: Department of Non-Banking Supervision, Reserve Bank of India, 6, Sansad Marg, New Delhi - 110 001	
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Information in this regard including complete contact details of the concerned officers shall be prominently displayed at branch/offices of the Company and its website.

6. Review and reporting

- 6.1 The Code shall be amended from time-to-time based upon following events:
- Subsequent notifications/guidelines, if any, issued by the RBI
 - As deemed necessary by the Company keeping in view the underlying spirit of the RBI guidelines and its objectives
- 6.2 Any amendment to the Code shall be reviewed and approved by the Board of Directors.
- 6.3 The Code shall be displayed on the website of the Company when the Company shall have its website for the information of its stakeholders.
- 6.4 The Board of Directors shall instruct conducting a periodical review at yearly intervals to assess compliance of the Code and functioning of the grievances redressal mechanism. A consolidated report of such review shall be submitted to the Board for their action.